

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 EA-06 IO-10 ISO-00 COME-00 LAB-04 SIL-01

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DRAFTED BY EB/FTD:MBSMITH:HM

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TO AMEMBASSY BRASILIA PRIORITY

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USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJECT: USG/GOB BILATERAL TEXTILE CONSULTATIONS

REF: (A) STATE 272586 (B) BRAZILIA 9423

GENEVA FOR PHELAN

SEOUL FOR JURICH

1. AS EMBASSY AWARE, WE HAVE PROPOSED BILATERAL TEXTILE
CONSULTATIONS WITH GOB FOR FEBRUARY 4 IN WASHINGTON.
REFTEL (B) INDICATED THAT GOB WOULD CONSIDER A RESPONSE.
BECAUSE OF VERY TIGHT SCHEDULING PROBLEMS, WE NEED TO KNOW
BY COB JANUARY 15 AT THE LATEST IF GOB CAN ACCEPT OUR
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PROPOSAL.

2. IN TALKING WITH GOB OFFICIALS ABOUT US PROPOSAL, YOU MAY WISH TO STRESS THE FOLLOWING FACTORS:

A. UNDER TERMS OF ARTICLE 2 OF MFA, EXISTING COTTON BILATERAL MUST BE BROUGHT INTO CONFORMITY WITH MFA BY APRIL 1, OR BE IN THE COURSE OF NEGOTIATION BY THAT TIME.

B. UNDER THE EQUITY PROVISIONS OF THE MFA, USG CANNOT LET BRAZIL'S COTTON TEXTILE EXPORTS TO US REVERT TO UNRESTRAINED STATUS AFTER APRIL 1.

C. UNDER SAME EQUITY PROVISIONS, USG CANNOT PERMIT BRAZIL'S MAN-MADE AND WOOL TEXTILE EXPORTS REMAIN IN UNRESTRAINED STATUS.

D. AS GOB DOUBTLESS KNOWS, USG HAS NEGOTIATED ALL FIBER BILATERALS UNDER ARTICLE 4 OF MFA WHICH ARE SIGNIFICANTLY MORE LIBERAL THAN EARLIER AGREEMENTS

NEGOTIATED UNDER OLD LTA, MEETING THE MFA CRITERIA OF MORE GENEROUS GROWTH, INTER-FIBER FLEXIBILITY, ETC.

E. RELATED TO D ABOVE, OUR NEGOTIATING PATTERN OVER THE PAST YEAR SINCE CONCLUSION OF MFA HAS BEEN A LIBERAL ONE, A PATTERN WE WOULD LIKE TO CONTINUE. HOWEVER, IN VIEW OF DETERIORATING SITUATION IN DOMESTIC TEXTILE INDUSTRY, WE ARE BEGINNING TO EXPERIENCE DOMESTIC PRESSURE TO BE LESS FORTHCOMING. INASMUCH AS TEXTILE SITUATION HERE IS EXPECTED TO WORSEN OVER THE NEXT SIX MONTHS, WE BELIEVE IT IS IN INTEREST OF GOB TO NEGOTIATE NOW RATHER THAN LATER.

F. BRAZIL'S OTHER MAJOR COMPETITORS (COLOMBIA AND MEXICO) HAVE ALREADY AGREED TO NEGOTIATE WITH USG AS HAVE SEVERAL OTHER SMALLER ARA COUNTRIES. KISSINGER

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